

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Finance and Tax Committee

BILL: SB 126

INTRODUCER: Senator Bullard

SUBJECT: Community Redevelopment

DATE: March 12, 2010

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Howes	Yeatman	CA	Favorable
2.	Pardue	Skelton	MS	Favorable
3.	Fournier	McKee	FT	Favorable
4.			TA	
5.				
6.				

I. Summary:

Senate Bill 126 addresses land previously used as a military facility which is undeveloped and which the Federal government has declared surplus within the preceding 20 years in the definition of “blighted area” for purposes of the Community Redevelopment Act.

This bill substantially amends s. 163.340(8) of the Florida Statutes.

II. Present Situation:

Part III of chapter 163, F.S., the Community Redevelopment Act of 1969, authorizes a county or municipality to create Community Redevelopment Areas (CRA) as a means of redeveloping slums or blighted areas. CRAs are not permitted to levy or collect taxes; however, the local governing body is permitted to establish a community redevelopment trust fund utilizing revenues derived from tax increment financing (TIF). TIF uses the incremental increase in ad valorem tax revenue within a designated redevelopment area to finance redevelopment projects within that area.

As property tax values in the redevelopment area rise above an established base, tax increment revenues are generated by applying the current millage rate to that increase in value and depositing that calculated amount into a trust fund. This occurs annually as the taxing authority must annually appropriate an amount representing the calculated increment revenues and deposit it in the redevelopment trust fund. These revenues are used to back bonds issued to finance redevelopment projects. School district revenues are not subject to the tax increment mechanism.

Community Redevelopment Agencies – Section 163.355, F.S., prohibits a county or municipality from exercising the powers conferred by the Act until after the governing body has adopted a resolution finding that:

- (1) One or more slum or blighted areas, or one or more areas in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, exist in such county or municipality; and
- (2) The rehabilitation, conservation, or redevelopment, or a combination thereof, of such area or areas, including, if appropriate, the development of housing which residents of low or moderate income, including the elderly, can afford, is necessary in the interest of the public health, safety, morale, or welfare of the residents of such county or municipality.

Section 163.360(1), F.S., provides:

Community redevelopment in a community redevelopment area shall not be planned or initiated unless the governing body has, by resolution, determined such area to be a slum area, a blighted area, or an area in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, or a combination thereof, and designated such area as appropriate for community redevelopment.

Section 163.340(8), F.S., defines “blighted area” as follows:

An area in which there are a substantial number of deteriorated, or deteriorating structures, in which conditions, as indicated by government-maintained statistics or other studies, are leading to economic distress or endanger life or property, and in which two or more of the following factors are present:

- (a) Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities;
- (b) Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such conditions;
- (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (d) Unsanitary or unsafe conditions;
- (e) Deterioration of site or other improvements;
- (f) Inadequate and outdated building density patterns;
- (g) Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality;
- (h) Tax or special assessment delinquency exceeding the fair value of the land;
- (i) Residential and commercial vacancy rates higher in the area than in the remainder of the county or municipality;
- (j) Incidence of crime in the area higher than in the remainder of the county or municipality;
- (k) Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality;
- (l) A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality;

- (m) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or
- (n) Governmentally owned property with adverse environmental conditions caused by a public or private entity.

The term “blighted area” also means any area in which at least one of the factors identified in paragraphs (a) through (n) are present and all taxing authorities subject to s. 163.387(2)(a) agree, either by interlocal agreement or agreements with the agency or by resolution, that the area is blighted.

Disposal of Military Real Property

The U. S. Department of Defense (DOD) provides for the disposal of real property “for which there is no foreseeable military requirement, either in peacetime or for mobilization.”¹ Disposal of such property is subject to a number of statutory and department regulations which consider factors such as the:

- Presence of any hazardous material contamination;
- Valuation of property assets;
- McKinney-Vento Homeless Assistance Act;
- National Historic Preservation Act;
- Real property mineral rights; and
- Presence of floodplains and wetlands.²

DOD real property held for mobilization purposes may be made available for interim use but may be subject to immediate return without cost if it is determined that the property is required for mobilization.³

III. Effect of Proposed Changes:

Section 1 of the bill expands the current definition of the term “blighted area” provided for in s. 163.340(8), F.S., to include land previously used as a military facility which is undeveloped and which the Federal government has declared surplus within the preceding 20 years.

Section 2 of the bill provides an effective date of July 1, 2010.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

¹ Department of Defense Instruction 4165.72

² Id.

³ Id.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

B. Private Sector Impact:

Community Redevelopment Agencies would be able to develop a community redevelopment plan utilizing the expanded definition of “blighted area” to include land previously used as a military facility which is undeveloped and which the Federal government has declared surplus within the preceding 20 years. As a result these areas would receive TIF revenues under the Community Redevelopment Act, and property values in the area may increase as a result of any improvements using TIF.

Redevelopment of these areas can contribute to increased economic interest in a region and an overall improved economic condition.

C. Government Sector Impact:

A local government or county could also develop a community redevelopment plan utilizing the expanded definition of “blighted area” to include land previously used as a military facility which is undeveloped and which the Federal government has declared surplus within the preceding 20 years. This would also result in a portion of the ad valorem taxes from those lands being used for TIF.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Miami-Dade County has expressed interest in developing the area around Metro Zoo as a recreation destination. An abandoned Coast Guard facility located there could be part of this development, and tax increment financing through a CRA would help finance needed improvements.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
